NATIONAL ADVISORY COMMITTEE FOR LABOR PROVISIONS OF U.S. FREE TRADE AGREEMENTS AGENDA

February 5, 2014 10:00 am – 3:00 pm DUS Conference Room, U. S. Department of Labor, Washington, D.C.

10:06 meeting began

Raymond Robertson, Chair of the National Advisory Committee for Labor Provisions of U.S. Free Trade Agreements (NAC) opened up the meeting and noted that everyone had an agenda. He passed around the sign-in sheet, as well as a card for Darryl Knudsen who had been in a biking accident and couldn't join. All NAC members presented themselves as did all other non NAC attendees in the room. (see sign-in list). Ramon Ramirez and Adam Greene introduced themselves over the phone. (Lance Compa joined later in the morning).

Paula Albertson reiterated the thanks for everyone for being NAC members and welcomed them to their second term; part of their marathon run with the NAC. She also welcomed new NAC member Kristyne Peter. Ms. Albertson noted the previous meeting minutes had been approved by email, and that all NAC meeting minutes and NAC reports are now posted on the website.

Mr. Robertson moved to the first agenda item -- the website tour.

Dan Arp welcomed the NAC and began by stating that he was hired in large part to respond to the NAC's feedback that the website needed work. He presented a prototype of the website and announced that it would be going live within the next two weeks, noting some text may be subject to change. The new site is a total revamp of our informational architecture, and hopefully intuitive for users. He noted the Department of Labor (DOL) would love to hear from you if it is not, and that the webpage design is an ongoing process.

Mr. Arp noted that in the past, information on the website was siloed according to office structure, so users had to know the Bureau of International Labor Affairs (ILAB) and the institutional structure to find what they needed. Now ILAB's information is organized according to the issues ILAB covers. Mr. Arp presented a webpage on child labor with news and events, featured content, videos, blog posts, links to projects, and reports for child labor.

He also announced that ILAB projects and reports are now online in a searchable database. He noted that before, this information was scattered among multiple pages and hard to find. Now ILAB has tagged reports and projects by region, country, issue, and sector and centrally located them in an easily searched and filtered database. For example, to find all of ILAB's research on child labor in the carpet sector, you can filter by issue and by sector. Mr. Arp requested NAC feedback about what would be a useful tags or typical searches.

In addition, Mr. Arp noted that it is now even easier to find the FTA submission materials, as these reports (and the original submission materials) have also been added to the report database. The Free Trade Agreement (FTA) submission page is also revamped to show the current status of each review. In the upper right corner you can also find the actual reports of review or the original submission. Particularly for NAALC this was hard to find on the old site, and Mr. Arp

noted that making this material more available and accessible was still a work in progress for North American Agreement on Labor Cooperation (NAALC) submissions.

He explained that another way to find ILAB content was though country pages. The user can go to the "ILAB around the world" section of the website. In the past, these pages were less useful because they were difficult to update and did not feature the latest data. Now, because they automatically pull much of their information from the central databases, the updates will be automatic.

Mr. Arp noted that we are calling this phase one of the website development and that we hope to do more innovations in the future, noting the NAC's feedback will be helpful.

Mr. Robertson congratulated Mr. Arp and noted the updates to the website were very impressive. Ben Davis asked whether the Mexican National Administrative Office (NAO) reports on consultations would be available on the website, as those are the most difficult to find. Cathy Feingold agreed.

Mr. Arp noted that updating the information for the NAALC has been tough and that we have some of the information on our website now, but not all the submissions are there, and that ILAB is trying to track down as many as we can and that we might not have everything you want right away, but we are aware and trying.

Ms. Albertson noted as far as other government reports about the United States, we can find out if they have posted, if they link to them, if we can link to them.

Mr. Davis offered that the original submitters might still have information if ILAB is missing documents. Ms. Albertson noted that we have shelves of materials, but that finding the right documents can be challenging and could be a significant undertaking.

Ms. Feingold noted that the website is excellent but reiterated that knowing how complicated the info around Mexico is, it is also urgent and timely because the North American Free Trade Agreement (NAFTA) is celebrating its twentieth anniversary so people are looking for this information and it would be good to have it available. Put up what you have and then perhaps among us here, let's piece it together and we can help provide all the information. Let's get those cases online.

Mr. Davis noted that Mexican Undersecretary Stein has been open and helpful and perhaps can help us with the submissions.

Mr. Robertson thanked Mr. Arp and introduced Ms. Albertson for the next agenda item, Monitoring, Information Sharing, and FTA Administration.

Ms. Albertson noted her interest and experience leveraging various actors to find and utilize synergies on technical assistance in Central America, where she found ways for projects to share information, particularly when they shared the same objective, and it was at a practical and technical, not global, level.

Working with FTA's, different groups converge at various cross hairs to track labor standards overseas, and a share a recognition that governments should be doing more than they are to enforce labor laws. For example, as part of the Guatemala submission, we looked into events at two apparel factories. DOL interviewed workers from these factories, and did some limited outreach to brands that had produced at these factories, but nothing significant. In Peru, DOL has a concern about the exemption for non-traditional exports that includes apparel factories that allow companies to use temporary contracts ad infinitum. Several non-governmental organizations (NGOs) and brands organized an event in Lima on this, and DOL sent Josh Kagan who covers Peru. Several brands sent a letter to the government questioning the utility of the exemption. But we didn't sit down to plan together. In Honduras we interviewed dozens of workers that have produced for numerous brands, as well as managers. In Dominican Republic, we documented our findings regarding some serious apparent violations of labor law in the sugar sector, and have coordinated with others who track this issue.

Unions provide DOL with updates fairly regularly, as usually they are the submitters, and we have regular contact with Solidarity Center staff in the FTA countries. But there are more folks out there who are following the same issues, or who have their own thought about priorities in those countries. Many of you may already be engaged in cross cutting efforts in non-FTA countries.

Looking around the room, Ms. Albertson noted the wealth of experience from a variety of perspectives on how to track labor standards, and wanted to see if the NAC could flush out more examples of ongoing monitoring efforts, how they share objectives with labor provisions of FTA's. How to track via supply chains and monitoring: contacts in-country, partner organizations. The idea is to brainstorm how can we both privately, and publicly, work together to advance this agenda.

Ed Potter has been asked to talk about Coca Cola's increasing use of targeted supply studies on such issues as holding of passports, migrant labor, and child labor and land rights. Kevin will take a look at different modes of monitoring, some of their strengths and weaknesses as well as their levels of transparency. The idea would be to use this information to inform a general discussion about how different actors can engage in information sharing, and speak to the shared goal of having FTA governments effectively enforce their labor laws.

Mr. Potter gave a presentation regarding the Coca-Cola Company (TCCC). TCCC as a business and franchise bottlers, employs 700,000 employees in 207 countries. The supply chain involves at least 5 million families. TCCC does audits by country, issue, and other initiatives. Using the Ruggie principles, TCCC did an end-to-end analysis of the value chain of potential human rights impacts, from raw materials to end use. As a consequence, TCCC identified seven priority impacts, including things such as holding passports in the Middle East (migrants working for bottlers). Employers said the law requires them to do it (only true of Saudi Arabia). So TCCC had a study done on passport holding in the Middle East.

Early on within the CAFTA countries, we conducted sugar studies (available on the website). Baseline studies in 28 countries that address forced labor, child labor, and land rights that are just starting now with Colombia and Guatemala. They should be done sometime in the 2nd quarter.

We will hold multi-stakeholder meetings of constituents from each country around each of the three issues and we want feedback from them on methodology, and if remediation is called for, what is the multi-stakeholder strategy. The UAE and Singapore studies on migrant labor are forthcoming. In Myanmar, we just completed a study using two audit firms that visited 206 tea shops in 8 localities. TCCC will be making a July 1 report to the State Department in late June 2014. While practicing as a lawyer the mentality was that "admissions against interest" should never be made, sometimes they need to be made to address problems. There may not be synergies specifically with the Monitoring and Enforcement of Trade Agreements (META) team, but with ILAB in general, e.g. working with the Office of Child Labor, Forced Labor, and Human Trafficking (OCFT), information sharing has been helpful.

Kevin Kolben presented on the different kinds of supply chain monitoring and evolution over time.

The oldest model: contractual compliance with standard corporate model based on accounting and auditing. This is where they go into factories and check for violations. The pros – companies have access to factories and start generating information. The cons: transparency is very low, including identity of suppliers and violations. This model provides a snapshot view of what is going on, not long-term and has an extremely micro-view, looking at a particular moment at a particular factory and not the macro problems such as regulatory issues, political context, or corporate environment.

The next model is the continuous sustainable compliance approach – such as Better Work, Fair Labor Association (FLA), accord/alliance efforts in Bangladesh. You need sustained relationships with suppliers, different forms of worker empowerment to really see good practices. Moving to medium transparency – e.g. company not naming suppliers but saying we have suppliers in country X and here's what's happening. The problem is still looking at a microlevel and relationship between producers and buyers.

A third model is the investigation approach, promoted by NGOs and Human Rights Organizations. E.g. Worker Rights Consortium (WRC), responding to very specific issues in a factory or set of factories conducts an investigation with longer period visits and more intensive interviews with workers. It's often sparked through complaints, and the goal is to spark transnational campaigns. The problem: many tend to be antagonistic and still have a fairly micro-view. Human Rights Watch (HRW) often takes a more macro-view, but generally speaking. There is not much collaboration with the primary contractors or government.

A fourth model, a more recent one, is government investigations. ILAB, in response to a submission, comes in and does research for the purpose of determining whether there is validity, and takes a regulatory macro view. Con is that it loses out on the micro view. The question for the group is now, how to integrate these better and make the investigations better?

Mr. Biel thanked Mr. Potter and Mr. Kolben. The presentations highlighted why DOL is interested: we've taken increasing interest in supply chain issues in the last three or four years – examples including the Consultative Group's work, Toolkit, and other work on agricultural supply chains. For example, Professor Richard Locke from Brown University is coming to ILAB to talk about some of his ongoing research on this front. We've spoken with Ms. Feingold and Brian Finnegan on their critique of multi-stakeholder approaches. Also the ILO has jumped

into this with an experts group to talk about some of the challenges of how one better approaches the roles of private compliance initiatives (PCIs) *vis a vis* the foremost responsibilities of government in their role of labor inspections. We do this not just in FTA countries but also in countries like Cambodia where the US government (USG) is trying to develop mechanisms to address recent developments. Information sharing about what's been going on the ground is key. Next Tuesday State and DOL will be testifying at the Senate Foreign Relations Committee on Bangladesh, with a focus is on what the government is doing for implementation of the tripartite agreement. We need a handle of what everyone knows about what's going on the ground. Haiti is another example where information sharing is critical.

Mr. Robertson thanked everyone for presentations and opened it up to reactions and thoughts, ideas on feasibilities and practicalities of information sharing among this group. Ms. Albertson asked the group if there are fora that we are not engaged in where we should be? How should we all share the monitoring and information that we have?

Ramon Ramirez (on the phone) said he appreciates the DOL reports, putting out alternative methods of information sharing. Goal is to ensure compliance with agreements. There is also another informal information sharing that could happen – there is a US group going to the Dominican Republic (DR) next fall – not for fact finding, but have been invited by farmworker associations to open up dialogue and establish an ongoing relationship between farmworker groups. If they did a report, who would they send it to and what outcomes would be helpful?

Ms. Albertson noted that this was of great interest to DOL because of our own report on DR. We continue to engage with the government. Information about who is going and what the agenda is, as well as possibly exploring the potential of joint messaging would be welcome.

Ramon asked who is on the ground in that country. Ms. Albertson suggested the US Embassy and that they would follow-up afterwards via email.

Ms. Feingold noted the great presentations and shared interest in finding opportunities to work together on some of these things. She proposed to Ed that they make space to work together, for example, on the issue of passport holding.

For example, Qatar and World Cup – not sure if The Coca-Cola Company is sponsoring but can the labor movement's global play fair campaign come together w/the company to shine a light on labor rights abuses. The AFL-CIO wants to be sure that unions are included in consultations regarding labor rights concerns in Qatar, Colombia and Guatemala – sugar – we would love to work with Ed there. Also Burma where there is an International Trade Union Confederation (ITUC) office, we could explore work together there.

Ms. Feingold also noted the tremendous amount of work that unions and workers put into documenting cases with very limited resources. The NGOs and transnational campaigns come out of a lack of success in working with governments. Campaigns only happen are after other remedies have been exhausted.

The AFL-CIO thinks ILAB plays an incredible role, but it needs to be more timely. We need internal accountability at ILAB to ensure we do not have two-year delays. We need a more effective and efficient response from ILAB. Ms. Feingold noted that there is great potential for

working together. How can we connect to Kevin's great research? What is the follow-up to something that comes out of the migrant labor studies that are being done? She proposed that the NAC works on something concrete – like the migrant labor pieces – something specific rather than just the macro. She noted the AFL-CIO is doing its own research on forced labor in the Middle East countries, noting There is a resolution in the House of Representatives on this topic.

Adam Greene (on the phone) noted that there is already a lot going on – the concern is that the power and potential of the labor provisions is if they call on governments to effectively implement and enforce their laws. Focusing only on supply chains diverts us from the core mission and primary issues. We can't fix these problems from the outside – need government – that is a lesson from Bangladesh. They need to be a partner in the discussion. Systemic change will only come through the effective implementation of national law. Sorry to be a downer. It's important to apply labor rights for everyone in a country rather than just the workers who are in a particular industry or sector.

Ms. Albertson noted that is the reason the NAC was having this discussion. FTAs push the governments – but there are numerous obstacles to getting government enforcement to where we all want it to be, and it would be easier to do in a coordinated, strategic fashion rather than compartmentalizing roles. We are looking for ideas, levers, and additional strategies to get governments to enforce labor laws where we are finding that it is not happening. Letters from brands to governments are just the tip of the iceberg.

Mr. Greene suggested that sometimes there is a vast overestimation of the power that companies have with foreign governments and sometimes influence over your direct suppliers is sometimes overestimated as well. There is a limit to what you can achieve through campaigning or letter writing action. Uzbekistan – letter writing didn't do much, the ILO is making some progress. The US is seen as an aggressive user of the Submission process. He noted that the impression he gets from other governments is that ILAB is pointing fingers rather than acting cooperatively and he is not sure that more submissions will be effective.

Mr. Davis agreed with Mr. Greene on the strong role of government regulation. Although in past years there has been a push to focus more on supply chains – may be lacking policy coherence. One thing to add to Ms. Feingold's points is in the area of procurement because that is something governments to do themselves. Do not know if it is easier for ILAB to get information on USG practices, but it is an issue that comes up, for example by Senator Harkin. That could be one place where DOL has the information advantage and could take leadership. Unclear on what information sharing would consist of.

Mr. Potter suggested that DOL or a multi-stakeholder body like this one could periodically have a forum. Identify a couple of issues where you want to have baseline information sharing. Doesn't exist now – its ad hoc. But making it more routine, a semi-annual thing, what are the burning bushes that really need to be addressed. Take it out of this forum but expand the interested stakeholders and do preliminary strategizing.

Mr. Kolben suggested that we also have to take a step back – no approach is a silver bullet – sometimes there are dynamics going on that we are not aware of. For example, Better Work has become more company-driven although originally it was multi-stakeholder. But there are also dynamics going on between Better Work and government. You see Ministries of Labor getting

better as a result. He has research coming out that gets to that point. Enforcement and regulation does improve but it is behind the scenes. The submission process and review/investigations — that is one part of a lot of things that are happening on the ground. Making clear how that part fits in with others could be interesting to discuss further.

Ms. Albertson suggested ILAB could consider letting stakeholders know in advance about our review trips – so if a company has an initiative or if There is something we should know and supported Ms. Feingold's idea of looking at one issue in one or two countries.

Anna Walker said she liked the idea of information sharing. Levi Strauss publishes a quarterly their list of suppliers and has found that helpful for other companies to know when There is something they could collaborate on. Snapshot audits have shortcomings – Levi Strauss is working on having fewer suppliers, longer term relationships, and higher volumes to have more leverage and making the ROI happen. There is an outer circle of the community – community affairs team to get at some of the local systemic issues. A further outer ring is policy engagement and advocacy – really key because without that circle the inner circles won't accomplish much. Sees ILAB helping a lot on the outer ring. Regulatory or enforcement gaps. There are a lot of commodities initiatives e.g. better cotton initiative, soy, etc. On Better Work – it looks like we are the driver on Better Work, but the primary ILO stakeholders are really government, unions, and factories. We were brought in as leverage, but they push back on us and say their voice is actually small.

Mr. Greene noted that the real power of Better Work is exactly that. It's not just a discussion between brands and factories, but it builds on that and brings in national governments, employer organizations, and trade unions. Productivity and competitiveness capacity-building ends up improving management, which circles back to better working conditions. Locke's research show that the key variable in whether an employer improves is the country variable and that the signals companies get from government have the biggest impact.

Kim Elliott asked how to take this up a level and systematize it? She noted a parallel structure – OECD Guidelines and contact points. Maybe there is a way to make the ILAB website a hub for some of this information? Another initiative that is currently operating mostly with respect to agricultural commodities is the Fairtrade Labeling Organization (FLO) and various related organizations.

Mr. Robertson said he had noted a number of different next steps, and that he liked the idea of the website as a clearinghouse for information.

Ms. Albertson noted that, as a good bureaucrat she wanted to flag that what can be posted on a DOL website is challenging, given that it often can be viewed as a DOL endorsement, so putting it on the ILAB website is tough.

Mr. Robertson proposed having a 3rd party whose goal is to set up the clearinghouse and that third party organization may also be helpful in putting together Ed's forums. He also noted Mr. Greene's point of incorporating governments would be great.

Mr. Kolben suggested the submission review process could undergo an external review in terms of process and sources of information.

Ms. Feingold warned that adding another layer when the Honduras report is delayed for a year and a half is not reasonable. The US government signals on the importance of governance is really important. Is it helpful to have such a bureaucratic process when politically timing is important?

Mr. Potter proposed a provisional suggestion for next meeting agenda – keep this item on the agenda, but everyone thinks about how we can improve upon the current process in the meantime.

Mr. Robertson asked about the formation of a subcommittee. Kevin volunteered to chair the subcommittee. Mr. Robertson asked for other volunteers? Ms. Feingold, Mr. Potter, and Ms. Walker volunteered, and Ms. Albertson said she would like to work on it as well.

Mr. Davis proposed coming back at 1 after lunch instead of 1:30. Mr. Robertson agreed, and all the NAC members concurred.

Ms. Albertson says thanked the NAC members for their engagement, acknowledging that much of the discussion is a traditional FTA discussion but thanks for speakers sending it off in a concrete direction

11:30 Update on Research Agenda

Sarah Donovan

Mr. Robertson turned it over to Sarah Donovan, Acting Chief for the Office of Trade and Labor Affairs (OTLA) Economic and Labor Research Division (ELR). Ms. Donovan is temporarily leading the research division while the permanent Chief, Ken Swinnerton, is on detail to the Council of Economic Advisors.

Ms. Donovan opened with a brief description of the research division. ELR works under the vision that high-caliber, objective research has a place in all aspects of OTLA work. The division is small, temporarily 4 researchers with Mr. Swinnerton's absence. Staff covers a wide range of topics including worker livelihoods, the impacts of trade on US workers and workers globally, and enforcement strategies. Ms. Donovan also noted that ELR is the only concentration of economist in ILAB, so even though they focus mainly on OTLA, they are used as a Bureau-wide resource. She explained that with few resources and broad research responsibilities, the strategic use of time and direction of research is key.

Ms. Donovan summarized the report provided to ELR by a NAC subcommittee on March 19, 2013 (See Recommendations for Economic and Labor Research for a full description). The Committee provided two research areas guidance on building a long-term research agenda around those topics. The two research questions were: (1) What are the necessary conditions for the enforcement of labor provision in trade agreements? and (2) In what ways do the improvements in working conditions derived from FOA affect business?

Ms. Donovan then described how ELR work since March 2013 had aligned with NAC guidance. She described a new, internal research product, the *Economic and Labor Research Digest*, which provides brief, non-technical summaries of recent research that are relevant to OTLA work. The *Digest* also indicates in 1-2 lines why a particular study is of interest. The *Digest* has served

many purposes other than keeping OTLA staff abreast of new studies, she explained. It also gives ELR staff space to build greater depth of expertise and foster the production of new research products. She noted as an aside that ELR staff time has been invested more and more in peer review and research contract management, and that investment in staff as researchers is important the effectiveness of the team.

The temporary reduction in staff (i.e., Mr. Swinnerton's detail to CEA) required a careful assessment of Office needs to make the best use of ELR time. Consequently, ELR prioritized immediate research needs of OTLA program and policy staff, built a system to invest in ELR staff expertise in those areas, and focused on building direct links between research and OTLA work (e.g., identifying testable hypotheses from ELR-produced or funded research). Developing an impact evaluation program is also a priority for OTLA, Ms. Donovan reported. ELR is working with DOL Office of the Chief Evaluation Officer to evaluation the impact of an OTLA technical assistance project.

Ms. Donovan then turned to how research produced by ELR in the past year had aligned with the two research questions suggested by the NAC subcommittee. She noted two completed studies on informal sector workers and two studies in progress on labor inspection. She noted that this work would probably fit best under the first NAC research question: What are the necessary conditions for the enforcement of labor provision in trade agreements?

The completed studies cited were:

- "International Trade and Household Businesses: Evidence from Vietnam." Nina Pavcnik (Dartmouth College and ICARE) and Brian McCaig (Wilfrid Laurier University)
- "Informal Worker Organizing as a Strategy for Improving Subcontracted Work in the Textile and Apparel Industries of Brazil, South Africa, India and China," UCLA Institute for Research on Labor and Employment.

The studies are available to the public but are not yet available on the ILAB website; they will be available when the website is re-launched in 2014. Ms. Donovan noted that these papers are likely available from the authors' webpage, and indicated that she would also share the papers via email if so desired.

Regarding the studies in-progress on labor inspection include a designs options paper that identifies feasible design options for applied research on labor inspection strategies, and a literature review that identify the conditions, competencies and incentives needed for labor inspectors to successfully carry out their work. Ms. Donovan indicated that her Divisions long term vision is to create a field research program to test labor inspection strategies. This may be done independent of OTLA technical assistance or in conjunction with a project. The funded studies are needed to lay the groundwork: what study designs are feasible and informative, and what do we already know about necessary conditions for basically effective labor inspection.

Ms. Albertson inquired about the findings of the Vietnam study (i.e., Pavcnik and McCaig). Ms. Donovan replied that the Pavcnik and McCaig study asked whether the observed increase in formal sector employment was due to formalization of informal firms or movement of informal workers to expanding formal sector firms, as related to increased export opportunities created by the US-Vietnam bilateral trade agreement. Their findings suggested that the increase in formal employment was due to movement of informal sector workers to formal sector firms.

Ms. Feingold asked whether the ILO had also done research on the conditions for labor inspectorates. Ms. Donovan agreed that they have and those studies would be covered in the literature review. The review would indicate what research has been already done and where the gaps are. Ms. Donovan indicated she would be glad to share the findings of the research once it is concluded.

Ms. Donovan concluded her presentation with an overview of next steps. These included internal discussions to identify how research can support OTLA and ILAB-wide needs, development of staff expertise, a shift from external research to internally produced studies, and establishing a program of impact evaluation and field work. Her division hopes to put a study in the field to identify cost-effective strategies available to labor inspectorates. They'd like to build a program of research to complement the work of the OTLA technical assistance team and develop a long term program of impact evaluation. She noted the expense of impact evaluation and the need to pick program for evaluation strategically. She offered that programs slated for scale up warrant study.

Ms. Albertson commented that the *Economic and Labor Research Digest* summaries are useful to her and her team. Ms. Feingold asked how the NAC members could sign-up for the reviews. Ms. Donovan replied that the studies were designed for internal use, but she would look into ways they could be made available to the public.

Ms. Albertson noted the ELRs next steps goals aligned closely with recommendations from the NAC Research Report. She also asked for more information on the impact evaluation currently underway.

Ms. Donovan described the impact evaluation of ILAB-supported worker rights centers in Colombia. The project looks at the outcomes for the centers' clients. It also looks at the centers' success at bringing in aggrieved workers who otherwise would not pursue justice. It explores why workers who have experienced a worker rights violation do not seek resolution or assistance, and asks whether and how the worker rights centers are having an impact on this population.

Ms. Peter asked who are the clients of these centers and do they serve union members?

Ms. Donovan replied that the centers are open to all workers. She indicated that the project is attempting to target workers in sectors identified in the Colombia Action Plan. Regarding the union composition of the clientele, Ms. Donovan indicated that her team too wondered if union members were the sole or primary client. When she put this question to the project implementer she heard back that union members did come to the centers but were not the majority of clients. Ms. Donovan indicated that she wished she could remember the exact percentage cited by the implementer, but could not. She reported that the percentage was not very high.

Ms. Elliott commented that her organization – the Center for Global Development – has done a lot of work on impact evaluation, and she would be glad to put Ms. Donovan in touch with her experts. CGD launched 3IE (International Initiative for Impact Evaluation) that has existing capacity and may be able to provide expertise that could bring down costs. She also responded to Ms. Donovan's comment that OTLA should target impact evaluation efforts toward projects

slated for scale up. Ms. Elliott shared her belief that this an effective impact evaluation strategy should learn from failures as well.

Mrs. Donovan indicated that in government project selection or priority areas can be politically driven, and that projects could potentially be slated for scale up without careful examination of impacts. In this context, Ms. Donovan explained that she sees value in targeting projects with scale up potential for study so their impacts are known before additional resources are directed toward them. She also indicated that she would be very glad to meet with the CGD impact evaluation experts.

Ms. Feingold noted that there is lots of research on the worker centers in the Dominican Republic, funded as part of the CAFTA. She encouraged OTLA to look at those studies to inform work on the worker rights centers in Colombia. She cited a very expensive study on the centers in the Dominican Republic, funded by ILAB. Ms. Albertson acknowledged ILAB support for the study cited. Ms. Feingold continued that looking at information available, particularly critiques of the model, is very important for projects repeated or expanded.

Ms. Donovan and Ms. Albertson agreed with this point. Ms. Carrington noted that the Economic and Labor Research Division, (i.e., Ms. Donovan's group) had been closely involved in the assessment of the CAFTA worker rights centers.

Mr. Robertson thanked Ms. Donovan for her presentation and indicated that the Committee appreciated seeing progress toward their recommendations.

Ms. Albertson offered to find out whether ILAB could distribute copies of the most recent *Economic and Labor Research Digest*. Mr. Robertson noted that the *Digest* might make a great blog.

The Committee agreed to break for lunch.

12:00 Lunch

1:00 Mexico and Unemployment Insurance David Kaplan, IADB

Mr. Robertson welcomed everyone back and reconvened the meeting. He introduced David Kaplan, an economist at the Inter American Development Bank (IDB) and who actually started at DOL's Bureau of Labor Statistics.

Mr. Kaplan thanked the NAC for inviting him. He explained that he works in the labor markets and social security division at the IDB. He is well positioned to talk about Unemployment Insurance (UI) because he has a long standing relationship with the National Employment Service of Mexico and in the past year, started working with the Finance Ministry. They advised the Finance Ministry as they were designing the current proposal for UI in Mexico. Mr. Kaplan is currently based in DC, but in July he will be working from the Mexico City office of the IDB.

Mr. Kaplan explained that one of the things that is misunderstood is that UI legislation has not yet been passed. Press releases have often been strangely worded, creating some confusion. The 2014 Mexican budget has some money for social security that would, in principle, start to finance individual accounts assuming that the law would pass. But no money has been allocated to help the labor ministry to prepare for the new responsibilities under a UI program.

Mr. Kaplan explained the two parts of what would need to be passed for UI: a constitutional reform and a detailed legislative reform. The constitutional reform, which would elevate UI to a constitutional right, passed the House of Deputies quickly and looked like it would pass Senate, which would then put a 6 month deadline on when Congress would have to pass the legislation that would shape the UI system. But the Senate started asking questions and ultimately did not pass the constitutional reform. The government is planning on passing the law in current session. But they were planning last year, too.

Mr. Kaplan noted as background that UI is part of a lot of structural reforms that have been passed and are still planned. In December of 2012, after the new president took power in Mexico, the three major parties signed the *Pacto por Mexico*, which set up a whole timetable for when reforms that would be passed. UI originally was to be passed in 2014, with the first recipients receiving benefits starting in 2016. The government decided to present the UI proposal earlier than scheduled in the *Pacto*, but Congress still has not passed the UI reforms.

Mr. Kaplan noted that the *Pacto* is having trouble. Many important reforms were successfully passed in 2013. Constitutional reforms happened in areas related to energy, telecommunications and educations. But toward end of year, energy reform was controversial and the most left-leaning party abandoned the Pacto (at least for now). Congress has a long to-do list in 2014, much longer than usual, so some wonder if they'll be able to pass UI.

Mr. Kaplan mentioned that the only publicly available document on UI is the original official UI proposal presented to Congress on Sept 8, 2013. There have been discussions between Finance and Congress, but those discussions are not reflected in any public documents.

Mr. Kaplan explained that eligibility for UI would be limited to formal sector workers who worked 24 of last 36 months, and workers cannot receive UI benefits more than once in a 5 year period. Mr. Kaplan said that, for UI purposes, workers who quit would be treated the same as workers who had been laid off.

Mr. Kaplan explained that currently employers contribute 5% of worker's wage to a housing fund. The Government's proposal is to take 3 percentage points out of the housing fund and use those to fund UI, with 2% of wages going to individual accounts of worker (like Chilean system) and 1% going to fund the solidarity fund (like Chile), which would pay benefits if a worker's individual account runs out of money.

Mr. Kaplan mentioned that workers would receive up to six months of benefits after a 45-day waiting period. Mr. Kaplan noted that this might be shortened but that six months is what is in the current proposal. The first month's benefits would pay 60% of the worker's lost salary, decreasing to 40% in the last months. The Finance Ministry has said that the minimum wage is the minimum benefit level.

Anna Walker asked whether that would mean the 60-40% rates would not apply to minimum wage, and Mr. Kaplan confirmed that that was his understanding based on discussions with the Finance Ministry.

Mr. Kaplan explained that a worker's benefits would first be funded from his individual account and then, if the account runs out, then the solidarity fund would begin funding. However, the solidarity fund would not pay benefits above the minimum wage level. Then, if the solidarity fund runs out, the government would be responsible to pay up to the minimum wage from general revenue.

One line saying the Employment Service needs to verify that the beneficiary is really looking for a job. IDB is collaborating with the World Bank to help the Employment Services. But labor ministry is very worried about the additional responsibility, so this would be a good area of technical support.

Coverage, or who can benefit under this program, will be low, but that is more a comment on labor market in Mexico, not necessarily the proposal itself. In Mexico, 60% of workers are informal. So they are out of UI. Also, formal sector has a lot of rotation. An eligibility rule for two of last three years is a very strict rule -- stricter than Chile, Uruguay -- so most workers would not meet the threshold requirements.

Also worth noting is the unusual design feature to let people quit and then collect UI. I do not know of any other system that does this. I would not criticize it necessarily because I think the reason for it is their labor dispute mechanisms are terrible for everyone in Mexico. Imagine any crazy scenario and that can happen there. Years in litigation. Outcomes in litigation have little to do with facts of case. So they could be afraid to condition on firing because determining whether someone has been fired could take years, and thus defeat part of the purpose of UI.

Will employment services from the government be ready? According to the proposal, the government has to be ready in 2015. But since Congress is so delayed in passing the proposal, maybe that start date will also be postponed. I would like to be optimistic. In Latin America we do not know any good examples of UI being integrated in active labor market policies in a good way. We always talk about good examples like Germany. Let's make Mexico have an effective labor market policy that gives beneficiaries actual helpful services. But the extra burden could damage the employment service parts that are working well. So on my pessimistic days I worry about overburdening the whole system.

What has happened since UI was proposed? The House of Representatives passed Constitutional reform needed for UI, but the Senate has not. I think you can reform the social security law without the Constitutional amendment but I believe they will wait on the amendment before doing the reform.

The main sticking point (from reading the press): How should you finance UI? The current proposal is taking money from the housing fund, and the papers say that workers say they are taking away one benefit to give us another. But if they were to add another tax, business would likely get upset, and they are already mad about 2013 fiscal reform that included fiscal reforms focused on increased tax collection. You could just have the government pay for UI itself, but that just costs a lot more. Even though fiscal reform will bring in more revenue, the government

has probably already spent it. It's a tricky issue and I do not see an easy way to resolve because no matter how you slice it, at least one important group is going to be very angry.

The Mexican Congress is now back in session. The Government just a couple of days ago publically asked Congress to pass UI and pension reform asap. We should find out soon if a political agreement is possible. They'll probably pass something called UI this year but I wonder how much it will resemble the original proposal. In the meantime, the STSS employment service is preparing for increased workload. They are afraid they won't have time to prep after seeing the law. According to pending proposal, first beneficiaries come on line in a year.

The implementation is going to be just as important as the reform itself. The most crucial element is what the Labor Ministry is going to do with all these beneficiaries. That is only one line in the pending proposal. UI success will depend on how well the Labor Ministry is able to react and create programs. Work is just starting so very hard to comment on that.

Steve Marler asked whether the proposed 45 day lag time is because people will spend their severance payments? If you gave up severance would businesses be more willing?

Mr. Kaplan answered that currently, There is no link at all between severance and UI. In Chile, you deduct severance payments from UI benefits. Never happens in Mexico. Even if the worker wins the suit, it is very hard to collect money in Mexico. Firms are very tricky. They could abuse temporary contracts so the worker would not receive severance. Firms disappear and reform. We have been recommending an integrated system that includes severance and UI in an integrated way. In practice, workers receive nothing or wait a long time before they get the money. Severance is also a mess from the standpoint of firms. They have horror stories too.

Mr. Davis responded with four comments. With all the caveats, it is still positive that the discussion is going on. UI would address some issues of volatility. In the US we are not in a position to opine because Republicans just cut off benefits to 1.7 million people. We'll see if that sticks. In some of the NAC meetings we've talked about areas of tech cooperation. Not sure if one of the areas DOL could do.

Mr. Kaplan noted that a lot of the work we've been doing, I've been doing myself. I have a budget to finance studies. If there are DOL people who can say here's an effective way to verify that people are looking for a job in a way that is admin feasible, that kind of expertise would be very useful.

Mr. Davis outlined his concerns, the first of which was the UI proposal's limited scope, small benefit, limited time, would not address long term unemployment. It would not address informality either.

Next, fiscal reform, actually moving in the opposite way, generating informality, our union has a close relationship with *los mineros*. In every one of their CBAs have negotiated not only the employer's mandated share and the employee's share. By putting tax on that, disincentive to collectively bargain. It's probably not the main reason why firms are opposed, but it has CB repercussions.

Another big concern you stated well, is that UI doesn't not address impunity in labor markets. It's a structural problem but its freedom of association for the unjust dismissal for workers trying to form unions. As you say, you have to find a lawyer, not something usually a maquila worker can do (especially if unemployed, blacklisted) then wait years, then settle for a reduced percentage. Now under the labor law reform, recovery is capped at a year's backwages. What this says to employers is you can fire people for organizing and the cost will be minimal. Now, the paper you did last year says the solution isn't more protective policies, but has to be enforcing the law. You made a clear case for a lot of the concerns we have about the advisability of deepening the model of NAFTA in Trans Pacific Partnership (TPP).

Mr. Kaplan also added another concern, that if the maquila disappears, then you're really out of luck. Next week at UNAM are giving some results of new work we've done on labor courts. Part of what can be done is strengthening labor courts (even though part of executive branch); There is lots of room for improvement. We are convinced law could be changed in ways that could protect workers better and be less burdensome for ERs. What's happening now is so inefficient, once you take out the huge share that goes to labor lawyers, could be good. Labor law reform a few years ago that didn't address the fundamental issues.

Steve Marler noted that David had talked about EMPL service being worried about their role, but that the finance ministry will be the one to verify the wage determination. Is there anything written about how to coordinate the processes? Which determination goes first? Which cancels the other out?

Mr. Kaplan answered that they are working on terms of reference to find outside consultants. That is the big issue. I think the verifying of wages would be Social Security the big idea from talking to the ministry would be person solicits benefit, Social Security would verify that he she is not employed, worked two to three years, calculation on wages, but has to be a linking of info systems. Labor receives this report and if they determine that this person isn't looking for work, then stop the benefit.

Tequila Brooks, a member from the public, asked if there is a way to have UI administered by IMSS.

David answered that they haven't studied whether people collect their own social sec benefit. He noted that he would not be surprised if IMSS has an ability to verify that people are hurt.

Mr. Robertson suggested the NAC move onto the next agenda item.

2:00 FTA Country Updates and Discussion

Mr. Robertson, as Chair, suggested a new round of introductions of new people sitting around the edges and the new members of the public introduced themselves. Mr. Robertson then turned to Ms. Albertson, and noted that Deputy Undersecretary Carol Pier was on her way will be here in 10 minutes. Ms. Albertson said each staff person would present on his or her own country.

Sandi Soderstrom presented on DOL's engagement with Mexico. In November 2013 Deputy Secretary Harris went to the Inter American Conference of Labor Ministers (IACML) in Colombia and met with the Minister of Labor of Mexico and discussed ways to begin cooperating on a technical level. He also attended the Mexican Ministry of Labor's International Forum where he spoke about innovation and skills training systems.

Secretary Perez met with Mexico's Ambassador to the US to follow up on the ongoing engagement. In addition, DOL is involved in the High Level Economic Dialogue, especially the workforce development initiative, led by Commerce and State. The US is developing an agenda which will lead to deliverables. Ms. Soderstrom thanked the NAC members who submitted comments in response to Commerce Department's Federal Register Notice (FRN) on High Level Economic Dialogue (HLED), and we are in the middle of analyzing them right now.

In addition, Ms. Soderstrom noted that the Mexican Labor Ministry (STPS) issued reports on three different submissions filed against the US with Mexico under the NAALC. Mexico requested consultations but in the form of information sharing campaigns in lieu of traditional consultations.

DOL proposed using the Consular Partnership Program (CPP) mechanism which is a joint effort between DOL (including the Wage and Hour Division and the Occupational Safety and Health Administration) and the Mexican Consulates in the United States to conduct educational and outreach activities for migrant workers in the U.S. and their employers. DOL is hoping to target the efforts of that program to address the consultations issues and will be meeting next week with Mexican officials to flesh out consultations proposal as well as to look at other technical assistance.

Ms. Feingold noted that the AFL-CIO met with DOL regarding the H2B visa consultations and sent ideas to the Monitoring and Enforcement of Trade Agreements Team (META), but that they still want more information about the process. For example, on the submission about carnival and fair workers, there has been a lot of engagement, but more information would be great. The AFL-CIO requests that META reach out with information on the meetings with Mexico. This will be a focus of many organizations in Mexico, particularly given the upcoming meeting of the three NAFTA Presidents, as we and others call it, the tree amigos meeting. The AFL-CIO wants to know what META will talk to the Government of Mexico about.

Ms. Albertson noted that this will be the first meeting face-to-face to discuss the Mexican reports. ILAB appreciated meeting with the stakeholders, and compared to Mexico, are a little ahead of the game because of the proposals ILAB received from the submitters, which were very constructive and thoughtful proposals.

Mr. Schoepfle suggested a second meeting with AFL-CIO when Carlos Quintana returns from Guatemala and that ILAB will expect to share more information after the meeting with Mexico next week. Our first meeting with submitters was helpful because it brought up ideas that ILAB had not thought of before. Mr. Schoepfle said that ILAB would reach out towards the end of the month with more information.

Ms. Feingold noted that the AFL-CIO sent a letter to Froman about labor rights in Mexico. There are a lot of opportunities coming up, and we want to make sure that concerns raised in that letter

are being raised when you meet with the government. The AFL-CIO does not know the substance of any of these meetings you talked about.

Mr. Davis noted that, in order to give the discussion more context - It's a concern when the Steelworkers hear the Secretary of Commerce making public comments that the model we are pursuing is one where production will be done in Mexico and innovation will be done in the US. That sends a message to US unions that they are not part of the equation and underscores Ms. Feingold's questions about where DOL is, because DOL should be the champion of labor issues in this context.

Mr. Davis noted that David's earlier presentation noted that the system of labor justice in Mexico is broken, so it would be interesting if that was discussed in the context of high level dialogue, Merida (rule of law), must be addressed for long term growth and prosperity. We need a more fluid flow of information about what is being proposed, and we can try to back you up as much as possible on this stuff. If there are specific programs or proposals under discussion with the GOM that would address these issues it would be good to know about. We hear the bad stuff every day. Now we are talking about opening it up to TPP and we do not know how that will end.

Carol Pier, Deputy Undersecretary, arrived and thanked everyone for coming.

Ms. Feingold noted that the AFL-CIO wants to know if there is any response to all of the issues that were raised regarding Mexico. Mr. Davis asked where DOL was in the 20 proposals for a for reforming NAFTA.

Ms. Pier responded noting that the U.S. has a lot of engagements going on simultaneously with Mexico, and the Department of Labor (DOL) needs to become involved where DOL will have the most impact, not just where DOL and ILAB can raise issues within the administration's agenda but where those will have the most impact on the ground. If Labor is absent from a particular engagement, it is not that we are ignoring things; it is that we are strategically determining where to put our resources.

One of our main focuses is TPP, which is a place that DOL can have a lot of impact. Regarding technical assistance, it is tricky. Representation on the CABS, for example, is not really tripartite because the independent labor unions are not well represented. Instead, company unions are overrepresented on the boards, a product of a flawed labor law where secret ballots or "card check" are not required in the *recuento* process and protection contracts exist. DOL is determining how to get to the heart of these problems within our limited resources. Our likely focus for technical assistance will be gender discrimination. Mexico is a priority for us. ILAB welcomes advice, suggestions, updates, and inputs from this committee. Pushing people we need to push is helpful so that our voice has a chorus behind us. If there is a meeting or a process that were not involved in, we can have a meaningful discussion about whether we should revise our strategy.

Josh Kagan presented on the Dominican Republic, noting that the NAC members should have received a copy of the submission report in September. Mr. Kagan noted that the report found "apparent and potential violations" of Dominican laws related to acceptable conditions of work, child labor and forced labor. He also noted the report raised concerns about freedom of

association and collective bargaining, highlighted procedural and methodological concerns regarding the Dominican government's enforcement of labor laws, and issued 11 recommendations on how to improve enforcement. He noted that DOL has since been engaged in government-to-government discussions concerning steps the Government of the Dominican Republic can take to improve enforcement of labor laws and how we can support their efforts.

Kathryn Chinnock introduced the DOL \$10 million project to reduce child labor and improve working conditions and labor rights in agriculture in the Dominican Republic awarded in September 2013. The grant announcement was made simultaneously with the report release.

The project builds on the collaboration we've had with the government of the Dominican Republic going back to 1998. Since our 2001 annual reports, DOL has been reporting on child labor in sugar cane. The Trafficking Victims Protection Reauthorization Act (TVPRA) list contains forced labor and child labor in sugarcane. ILAB is always conducting research and looking for new information so please feel free to share information with us.

Ms. Pier added that DOL loves this project, noting that the project tries to address child labor from a holistic perspective and also shows collaboration between the Office of Child Labor, Forced Labor, and Human Trafficking and the Office of Trade and Labor Affairs. The project not only addresses lack of access to education but also focuses on providing parents with skills training to access employment and information on their legal rights. ILAB believes that this project is a model for how ILAB is looking to design our grants going forward.

Mr. Potter noted that the sugar industry knows these issues exist and that at The Coca Cola Company has spent more time on the Dominican Republic than any other country regarding these issues. He recognized that it is a tough context because you have a reluctant government and a reluctant industry. Mr. Potter stated that Coca-Cola is exploring what a multi-company approach could do to contribute to remediation. His team has collaborated on an ongoing basis with Marcia. Mr. Potter emphasized that a successful project covering the Dominican sugar sector will require a lot of hard work and persistence, but noted that Coca-Cola wants to be an asset to Catholic Relief Services as they carry out this project. He reiterated that the DOL report is helpful.

Mr. Davis asked how the September 2013 Constitutional Tribunal ruling is impacting the project launch.

Ms. Pier explained the Constitutional Tribunal ruling, noting that it exacerbates the vulnerability of the largely Haitian migrant community working in the sugar sector that are described in the submission report. She pointed out that the effects of the Tribunal ruling have been difficult for the Dominican Republic and, from our perspective, it underscores the importance of getting our project up and running and providing services to this increasingly vulnerable population.

Marcia Eugenio noted that for the last three or four years the Labor Department has been making a statement in the Trade and Development Act (TDA) report about the issue of lack of documentation for children and how that relates to their ability to access education. She pointed out that a lack of documentation also affects workers who do not have access to the Dominican Republic's existing social programs. Marcia noted that, in addition to the Dominican sugar sector, the construction and tourism sectors also contain large numbers of Haitian migrant

workers that lack documentation and are susceptible to increased vulnerability after the Constitutional Tribunal ruling. She told the group that the US Government has been having conversations with the Government of the Dominican Republic about it, including through our Ambassador, and asked that if anyone has information about the effects of the Tribunal decision on workers, to please share it with us.

Eric Biel provided an update on Honduras, noting that Secretary Perez was asked by President Obama to lead the US Government delegation to the inauguration of Juan Orlando Hernández and that he had joined the Secretary the day before in Tegucigalpa. The Secretary, the team from the embassy and Eric spent over two hours at a labor dinner at the residence of the Ambassador. Mr. Biel characterized it as a terrific roundtable discussion. There was a very full discussion led by the Secretary, calling out people for comments and engaging on specific issues. It was a noholds-barred discussion of issues and concerns including those reflected in the submission that Halima Woodhead and Ms. Albertson have been working on. It also provided for an opportunity for interesting exchanges between Daniel Facusse from the maquiladora association and Evangelina Argueta from the CGT labor organization about efforts with management and labor to move on some of these issues without the direct involvement of the government. We've been monitoring the first few days of the administration. There are many challenges and questions about how the Hernandez administration will approach these and other issues, including labor issues and anti-union violence.

Ms. Feingold noted that the AFL-CIO has already expressed frustration on not having the report earlier during the NAC meeting, and she reiterated the AFL's frustration at the delay. Given the delay, the AFL-CIO continues to work with partners to collect and document more cases. The AFL is submitting information on six more cases, not as part of the original submission, but just separately. Carol Pier stated that if more information was submitted as part of the original submission, this would further delay the report.

Honduras does have some really great models, such as Fruit of the Loom (FOTL). Suddenly this is one of those moments where now they are closing some of their plants. For a company to get an award and then close some of the plants... how do you get sustainable models and real commitments? Within the TPP discussion, Central American countries are very nervous about work and the impact it will have. As we try to point out good corporate behavior, we need to look at the Levi's model of sustainability.

Mr. Biel noted that during the dinner, Secretary Perez turned to him for questions on the status of the report and the length of time it has taken for its publication. So we've had a discussion and we hope we are moving toward an end game. The news about the plant closures broke as Mr. Biel was leaving the country, and he noted that DOL immediately began to inquire as to what was going on with the closures given that a significant number of union jobs will be lost. Mr. Biel noted that he had talked to FOTL earlier in the day to get an update and said that while certainly not welcome news, we also recognize how far FOTL has come. He added that Lance Compa may know more given his involvement with the FOTL-CGT efforts, but this is a concern.

Ms. Feingold highlighted Kevin's initial point that Fruit of the Loom didn't get to the table until there was a big transnational campaign. Kyungshin-Lear, as well, and we still do not have answers.

Ms. Albertson noted that she had met the FOTL representative that week at the State Department award ceremony, asked about the factory closing, and asked what they thought the Honduran government can do, so they are aware that this is being carefully tracked by DOL.

Mr. Biel noted that ILAB is really trying to supplement talent in key embassies by developing a framework for labor attachés, starting with the US Embassy in Dhaka, Bangladesh. Ms. Albertson announced that Halima Woodhead, who had been the point person for to the Honduras submission review process, would be going to Honduras in March for a detail in the embassy there and that while the team would miss her work in Washington, looked forward to having her on the ground in Honduras.

Kristyne Peter from the United Auto Workers (UAW) noted that in August the UAW, Mr. Davis, and a group of allies went down there. We've also brought along the Koreans and Lear. Official reports help us keep the pressure on. I can only second what Ms. Feingold has been saying about the urgency of getting out the report.

Mr. Biel noted that DOL was working on leveraging some of our relationships with Korean officials to try and get some movement on this issue and that he'd talked about this at length with Stephen Wishart from the Solidarity Center on the recent Honduras trip.

Ms. Feingold noted that on Korea, there are a lot of issues around third party countries and that they had met with the Korean ambassador. An update on where that process is for next time would be great because it is relevant to many of the countries that we are talking about.

Ms. Pier noted that DOL understands the importance of issuing reports and cautioned not to interpret the delay as a lack of will or caring. ILAB does extensive fact finding and analysis and is committed to producing analytically sound and rigorous reports that can be helpful tools to folks who care about these issues. Given the amount of information ILAB has and our commitment to making sure our ultimate product is quality... Think back to the early days of the NAO when not all of the issues in a submission were necessarily even addressed in the final NAO reports. ILAB wants something that is thorough, comprehensive, and useful. Sometimes we do not strike the balance correctly, but please do not interpret it as a lack of commitment. ILAB and DOL are committed to following up. Our Secretary is committed. We are doing our best.

Mr. Williams then presented on USDOL engagement with Panama, noting the recent US Panama Labor Affairs Committee held under the U.S.-Panama Trade Promotion Agreement (TPA) Labor Chapter on January 27-28. Mr. Biel, Mr. Williams, Lorena Davalos from OCFT and Carlos Romero from USTR attended. Due to the federal government shutdown, the meeting got postponed from October to January. The Panamanian delegation was led by their Vice Minister of Labor in addition to technical level staff. Some of the topics covered include child labor and youth employment, the Ministry of Labor's (MITRADEL's) efforts to combat child labor, MITRADEL inspection statistics, and implementation of decrees regulating subcontracting, inspections, and maritime workers, efforts to boost tripartite social dialogue, and outreach and training activities conducted by Panamanian Labor Studies Institute. Both parties reaffirmed their commitment to the TPA. The Directorate General for Seafarers presented on inspections in the maritime sector as well.

The public session held the following day was very well attended, with over 50 members of the public, including unions, non-governmental organizations, and workers. DOL was impressed by MITRADEL's outreach efforts. They published ads in newspapers, called every union in Panama, and provided free transportation to the meeting site. Prior to the public session MITRADEL said they were trying to reposition themselves as an intermediary between workers and management and that was evident at the public session in a good way. Both sides ended the LAC with pledges to continue collaborating. ILAB hopes to use our new contacts with technical level staff to have open lines of communication about what's going on in Panama.

Lorena Davalos also presented on two USDOL child labor projects. One is a \$3.5 million policy level project in Panama and Ecuador implemented by the International Program on the Elimination of Child Labor (IPEC)/ILO. The other is a direct services protect that targets migrants, Afro-descendants, indigenous people and children with \$6.5 million. The project focuses on agriculture and street workers, and fosters exchanges of lessons learned.

Ms. Albertson presented on Guatemala, noting that the Guatemala team was in Guatemala to monitor the implementation of the enforcement plan. She noted that on October 26, 2013, Unted States Trade Representative (USTR), in consultation with DOL, announced that Guatemala had made sufficient progress in meeting its initial six month commitments under the enforcement plan to warrant a continued suspension of the arbitral panel. While recognizing the important steps taken by Guatemala, the U.S. government noted that significant work remained to ensure that the enforcement plan is effectively implemented. The team was in Guatemala assessing the Guatemalan government's progress.

Brenna Dougan presented on Colombia. She noted that a Labor Affairs Council meeting was held here in Washington DC in June of last year. Since the last NAC meeting, DOL staff has been to Colombia twice for monitoring trips, and the Colombian Minister was here in December when he met with Secretary Perez. DOL continues to monitor five major areas: abusive subcontracting, inspections in the five priority sectors, hiring of inspectors in line with action plan commitments, fine collection, and violence against labor unionists (prosecution and protection). Ms. Pier, Carlos Romero from USTR, and Brenna were in Colombia last week. The good news that came out of those meetings was on fine collection – the government is establishing a technical level committee that met yesterday to work on getting large fines collected since Colombian law has changed to allow for the collection of enormous fines. DOL also expects real, concrete answers on in the status of labor violence prosecutions. Brenna and Carlos went to the sugar sector after their meetings with the government and noted that there are no cooperatives anymore where they visited. Now, 70 to 75 percent of cane cutters are either part of subsidiary companies or other structures officially affiliated with the mills. The rest are in various sketchy subcontracting arrangements, and we continue to press on this issue.

Mr. Kagan then presented on Peru, noting that during the week of Jan 13th, he and EJ Murtagh, who has experience as a labor inspector, went on a monitoring trip to Peru where they heard about Peru's recently enacted National Labor Inspection Superintendencia. They learned that the decentralization of labor inspection was a problem because Lima could enact policy but not enforce whether the regions were following it. Collection of fines was as low as 1.5% in some regions and 17% nationally. The new Superintendencia is intended to help them in all three stages of the process. The Ministry is also hiring 50 new inspectors as of May 2014, up to 469.

The rollout of the Superintendencia will be gradual, covering six regions by the end of 2014, and scheduled to cover the whole country by 2016.

Patrick Friedel presented on Jordan, noting that DOL had just concluded a Memorandum of Understanding with Jordan for a labor cooperation mechanism that sets up points of contact within the Jordanian Ministry of Labor and DOL. It was signed on December 26 2013.

Ryan Carrington provided an update on DOL's engagement under the FTA with Bahrain, which has been based on the submission. The USG has worked to call for consultations and on May 6 officially did request Consultations under the FTA Labor Chapter. USTR, DOL, and State went to Bahrain in July 2013 and the conversation was very candid and cordial and covered most of the issues in the report and the recommendations.

USTR and DOL presented a draft work plan that attempted to capture areas of mutual agreement on steps forward in addressing the DOL report's recommendations in August. Their response has been less than forthcoming. DOL has been engaging with their Embassy, our embassy, their ministry, and ministry of commerce. The US Ambassador just had a meeting with the Minister of Labor last week to reiterate the importance of resolving these issues.

Ryan also noted that the Article 26 complaint on Bahrain in the ILO references some of the same events the US is reviewing. In October it appeared that a tripartite agreement resolving the issues was close, but in the last minute the Government of Bahrain indicated it could not sign the agreement. The Ministry of Labor has been forthcoming but there may be other powers that are limiting their ability to act. DOL is recommending the deferral of the Article 26 complain and anticipates that it will come up in the next governing body meeting.

Ryan Carrington also gave an update on Morocco noting that ILAB invested about \$10 million for four projects; two projects are brand new, just signed last month. The first is a \$5 million project to address child labor and youth employment in Morocco. The project continues in the vein of the next-generation child labor projects providing livelihood services, working with the government and civil society, and removing children from child labor/providing educational services. OTLA has \$1 million project to promote gender equity in the workplace. DOL is also trying to address the tense and politicized industrial relations in the country using Federal Mediation and Conciliation Service (FMCS) delegations. Most recently in December they developed a five-year plan to work with the MOL on how to strengthen their mediation and conciliations functions.

Mr. Robertson asked for final comments from the NAC members.

Ms. Feingold noted that there was not enough time to comment on all the updates on FTA countries, and that she appreciated the updates from everyone. One the AFL-CIO would like to emphasize is Bahrain. The AFL-CIO appreciates consultations and would like the opportunity to provide more input. For example, the Government of Bahrain says they have rehired workers who were dismissed for union organizing, but the dismissed workers were actually rehired into different dead-end jobs. In particular, the Alba case, with a lingering unwillingness to accept an independent union, should be highlighted in consultations. Overall the situation is very concerning. They were close to coming to agreement with the Bahraini tripartite partners, and it

is important to make parties come back to the table. The labor movement was one of the few non-sectarian civil society movements.

Kristyne Peter from the UAW asked if the NAC meeting was skipping Korea. Mr. Robertson noted it would be put on the agenda for the next meeting. Mr. Biel suggested that if Donna can, she could provide a quick interim update.

Donna Chung over the phone provided a brief update, noting ILAB is closely engaging with Ministry of Employment and Labor since the Labor Affairs Council meeting on two fronts. First, ILAB is monitoring internal domestic labor issues. Lots of key issues in Korea, such as the teacher union front as well as recent strikes of rail workers union. Second is the supply chain issue that others brought up earlier. ILAB continues to reach out to MOL to cooperate on global supply chain issues. That is pretty much it. Ms. Chung offered that if folks had questions, she would be happy to follow-up with them.

Mr. Robertson asked if there were any objections to hearing comments from the public. Hearing none, the following comments were offered.

Tequila Brooks, researcher on Free Trade Agreements had three comments.

- 1) Earlier today the NAC discussed some kind of information hub. The NAFTA environmental commission might have a good model. It's tri-national. They have this meeting and a conference where the public can comment. They partnered with GW University.
- 2) Has there been any discussion of leveraging the Secretary of Labor status as being Dominican could help to broker an agreement in DR about Haitian residents?
- 3) Has SME report regarding Mexico been issued?

Ms. Pier responded that yes, the Secretary does have Dominican heritage. She also noted that the Secretary is extremely committed to ILAB's work. ILAB is a small agency in a big Department, but the Secretary spends a disproportionate amount of time with us and is following our DR work very closely. He is concerned about the DR, just as he is about a number of other countries where we are working. He has been following the Constitutional Tribunal ruling. He will continue to support us.

Ms. Soderstrom also added that the Mexican Union of Electrical Workers (SME) review is still pending. SME has been having some success in negotiations with Government of Mexcio so we are following that.

Mr. Robertson agreed to note the suggestion about using the environmental commission as a model of an information hub for labor issues.

Mr. Biel had no closing remarks given that the meeting was over time. He added his appreciation for the inputs in the morning from Mr. Potter and Mr. Kolben, noting that the subcommittee is very exciting and recognizing the issues Mr. Greene raised over the phone as well as Ms. Feingold and others. The NAC is uniquely situated with its cross section membership. He noted that ILAB would be hosting Richard Locke, another academic who works on supply chain issues, and we are excited to continue following the research he and others do.

Ms. Pier thanked everyone, noting DOL's appreciation for the NAC's input, work, and support.

Ms. Albertson thanked Mr. Greene, who was on the phone, for his service on advisory committee. Mr. Greene said it had been a pleasure.

Ms. Albertson noted the evaluation survey, encouraging NAC members to fill it out in order to try to make sure that the NAC meetings are worth their time, that they should just circle answers; it would only take two seconds, soliciting comments about the format of the meeting.

Mr. Robertson noted that he had a few action items from the meeting:

- Please look at website when it is launched;
- Priority for DOL to piece together submissions from Mexico;
- Subcommittee suggested, including an idea from Mr. Potter to create a forum, we'll need to convene that subcommittee;
- Add Korea to the agenda for next meeting.

Ms. Feingold also added that we did talk about trying to do something concrete about migration. Have model of Uzbek cotton. So maybe start something concrete as a model of trying to work together on a tough topic. The migration issue sounds like something we are all on the same page on.

Mr. Robertson closed, reminding folks to turn in surveys.

APPROVED by Raymond Robertson, Chair 6/13/2014